

**Thomas & Laura Sheedy  
11 Harrington Rd.  
Lexington, MA 02421**

**Lender:**

**Chase/Washington Mutual  
3415 Vision Dr.  
Columbus, OH 43219-6009**

Prior to 4/16/2004, Clients signed a mortgage application for \$810,000 with Lender to refinance the above mentioned property. The Evidence supplied by the clients and current servicer would indicate that the Clients did not receive a copy of their initial application within 72 hours of signing their application.

**TILA 226.17(a)1**

The creditor shall make the disclosures required by this subpart clearly and conspicuously in writing, in a form that the consumer may keep. The disclosures required by this subpart may be provided to the consumer in electronic form, so long as compliance with the consumer's consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act.

**TILA 226.19(a)**

In a regular retail mortgage transaction subject to the Fair Practice Settlement procedures and 12 U.S.C. 2801 et seq., the creditor shall make good faith estimates of the disclosures required by § 226.18 before consummation, or shall deliver or place them in the mail not later than three business days after the creditor receives the consumer's written application, whichever is earlier.

**RESPA 24 CFR 3500.6**

A bank must provide the borrower with a copy of the Specified Information Request either at the time a written application is submitted or no later than three business days after the application is received, if the application is taken before the end of the three-business-day period, unless the bank held off processing the application. If the borrower uses a mortgage broker, the broker, rather than the bank, must provide this to him.

**RESPA 24 CFR 3500.6(a)**

Specified certain disclosures such as but not limited to Good Faith Estimate, Truth-in-Lending, Servicing Transfer, and Adjustable Rate Mortgag, Right to Copy of Appraisal, Federal Equal Opportunity, and standard loan exhibits to be provided to the borrower within three business days from date of original application (early disclosures).

**RESPA 24 CFR 3500.7**

The creditor must provide, in a clear and concise manner, a brief summary of the amount, or range of, settlement charges the consumer will likely pay. This may not include all charges that will be imposed on the consumer or the settlement statement. It must be included in a copy of the Settlement Statement given to the consumer within three business days after receipt of the written application.

The purpose of the Truth in Lending Act is to require a meaningful disclosure of credit terms so that the borrower will be able to compare the terms of different loans available to him and to protect the consumer against unfair lending practices.

Under RESPA, Reg. Z, for a purchase loan, an early TIL or Lending Disclosure is required to be issued within three days of the loan application. The purpose of the Truth in Lending Disclosure is to allow a borrower to compare different loan programs for the post loan variability. Failure to provide disclosure throughout the loan process by loan lender who terminates the application of the Truth-in-Lending Act, if the lender does not issue the initial disclosures, it is incumbent upon the lender to do so before final closing file.

**RESPA 24 CFR 3500.21b,b3i,b3iiiBy,C(c)**

Servicing Disclosure Statement and Applicant Acknowledgments requirements:  
At the time of application for a mortgage servicing loan or addition, if within 3 business days after submission of the application, the lender, mortgage broker who anticipates using table funding, or dealer who anticipates a first lien dealer loan shall provide to each person who applies for such a loan a Servicing Disclosure Statement.  
Should the servicing of the loan may be assigned, sold or transferred to any other person at any time while the loan is outstanding, if the lender, table funding mortgage broker, or dealer is a first lien dealer, then they must expect all the servicing of any mortgage serving bank, the disclosure may consist of a statement to the effect that there is a permanent intention to assign, sell, or transfer servicing of the loan.  
A written acknowledgement that the applicant and any co-applicants/lessee read and understood the disclosure, and understand that the disclosure is a required part of the mortgage application. This acknowledgement shall be evidenced by the signature of the applicant and co-applicant.  
Servicing Disclosure Statement and Applicant Acknowledgment; delivery. The lender, table funding mortgage broker, or dealer that anticipates a first lien dealer loan shall deliver Servicing Disclosure Statement to each applicant for mortgage servicing loans. Each applicant or co-applicant must sign an acknowledgement of receipt of the Servicing Disclosure Statement upon settlement.

**Mass 940 CMR 8.05(1)**

It is an unfair or deceptive act or practice for a mortgage broker or originator under the TILA to fail to make any disclosure, or fail to provide any document, to a consumer required by and at the time specified by any applicable state or federal law, regulation or directive.

At consummation on 4/16/2004, Clients received a 30 year mortgage for \$810,000. They consummated financing based on a 30 year amortized loan with an initial interest rate of 3.625% and an interest only payment of \$2,446.88 locked in for 60 months. On the 61<sup>st</sup> payment, the payment recasts every twelve months as a principal and interest payment based on the CMT Index of 1.32% + 2.75% for the remainder of the loan.

This would contradict the TIL statement which states that the payment is locked in after the 60<sup>th</sup> month to a principal and interest payment of \$4,331.58 for the remaining 299 months of the loan. This is deceiving because the payment is not locked for any period greater than 12 months.

It should also be noted that with this mortgage having an adjustable rate feature any proposed payment after the first recast date would be impossible to accurately predict. There is no way to know what the

CMT Index (which the recast rate is based on) will be 60 months in the future. This was not disclosed to the Clients and was clearly done to induce clients to sign at closing. This loan also appears to be a stated income loan because Chase did not provide any income documentation as requested by the Examiner.

#### **5000 - FDIC Statements of Policy**

"When an institution offers nontraditional mortgage loan products, underwriting standards should address the effect of a substantial payment increase on the borrower's capacity to repay when loan amortization begins." "Ensure that loan terms and underwriting standards are consistent with prudent lending practices, including consideration of a borrower's repayment capacity." "For all nontraditional mortgage loan products, an institution's analysis of a borrower's repayment capacity should include an evaluation of their ability to repay the debt by final maturity at the fully indexed rate assuming a full, amortizing repayment schedule."

#### **TILA 226.34(a)(4)**

Repayment ability. Except in a pattern or practice of extending credit subject to § 226.32 to a consumer based on the consumer's collateral without regard to the consumer's repayment ability, including the consumer's current and expected income, current obligations, and employment. There is a presumption that a creditor has violated this paragraph (a)(4) if the creditor engages in a pattern or practice of extending credit subject to § 226.32 without verifying and documenting the debtor's repayment ability.

#### **Mass. 940 CMR 8.06(16)**

In re 40 unfair or deceptive act or practice for a mortgage broker or lender to process or take a one-page loan without documentation or to verify the borrower's income in a so-called "no documentation," "no doc," "negative doc," or "limited documentation" loan unless the broker or lender, as applicable, first provides a written document to the borrower which must be signed by the borrower in advance of the closing, and which identifies the borrower's income and the source of the income and provides detailed information, if true, that by applying for a one-page loan on a no- or limited documentation basis, the consumer will pay a higher interest rate, increased charges, or face less favorable terms for the mortgage loan, including information concerning the specific increases in interest rate, charges, or the nature of the loan if favorable terms, provided, however, that if a mortgage broker or lender applies or makes a change in or using a No Income Loan Provision (as defined herein), which loans shall remain subject to Section 109(15), the requirement to obtain a in the preceding sentence shall not apply. It is an unfair or deceptive act or practice for a mortgage broker or lender to process or make a one-page loan on a no- or limited documentation basis if the stated income provided by the borrower with respect to the no- or limited documentation loan contradicts information previously obtained by the broker or lender with respect to that borrower in connection with the same proposed loan, absent a documented change of circumstances or other undocumented explanation for the discrepancy between the older information and later income representation. Notwithstanding the foregoing, it is an unfair or deceptive act or practice for a mortgage broker or lender to close a loan with an false verification of employment or income of the borrower when the actual or the income stated is not reasonable for the actual employment status or experience of the borrower known to the lender, or when the borrower's stated employment or stated income is not reasonable in light of the borrower's circumstances known to the lender.

**Consumer Credit Protection Act - Section 112**

Whoever wilfully and knowingly:

(1) gives false or inaccurate information or fails to provide information which he is required to disclose under the provisions of this title or any regulation issued there under, in such manner as to be authorized by the Board, shall suffer a civil penalty determined consistently under section 112(d)(1) if such a person fails to consistently understand the annual percentage rate determined under section 112(e)(1), or otherwise fails to comply with any requirement imposed under this title, shall be fined not more than \$2,000 or imprisoned not more than one year, or both.

**Federal Trade Commission Act 15 USC 45a(1)**

Unfair methods of competition or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful.

**(1) Penalty for violation of order; injunctions and other appropriate equitable relief**

Any person, partnership, or corporation who violates an order of the Commission after it has become final, and while such order is in effect, shall forfeit and pay to the United States a civil penalty, if not more than \$10,000 for each violation, which shall accrue to the United States until the time of recovery, in a civil action brought by the Attorney General of the United States. Each separate violation of such an order shall be a separate offense, except that in a case of a violation wherein continuing failure to obey or neglect to obey a final order of the Commission, such day as continuance of such failure or neglect shall be deemed a separate violation. In such actions, the United States district courts are empowered to grant mandatory injunctions and such other and further equitable relief as they deem appropriate in the enforcement of such final orders of the Commission.

**(m) Civil actions for recovery of penalties for knowing violations of rules and cease and desist orders respecting unfair or deceptive acts or practices; jurisdiction; maximum amount of penalties; continuing violations; de novo determinations; compromise or settlement procedure**

**(1) (A)** The Commission may commence a civil action to recover a civil penalty in a district court of the United States against any person, partnership, or corporation which violates any rule under this chapter, or any unfair or deceptive act or practice which, though not an unfair or deceptive rule or a rule violation, or which the Commission has specified is not an unfair or deceptive act or practice in violation of subsection (a) or (c) of this section with actual knowledge or knowledge fairly implied on the basis of objective circumstances that such act is unfair or deceptive and is prohibited by such rule. In such action, such person, partnership, or corporation shall be liable for a civil penalty of not more than \$10,000 for each violation.

**(B)** If the Commission determines in a proceeding under subsection (b) of this section that any act or practice is unfair or deceptive, and issues a final cease and desist order, other than a consent order, with respect to such act or practice, then the Commission may commence a civil action to obtain a civil penalty in a district court of the United States against any person, partnership, or corporation which engages in such an unfair or deceptive act.

**(1)** After such cease and desist order becomes final whether it is a consent order, partnership, or corporation was subject to such cease and desist order, and

**(2)** with actual knowledge that such act or practice is unfair or deceptive and is unlawful under subsection (a)(1) of this section.

In such action, such person, partnership, or corporation shall be liable for a civil penalty of not more than \$10,000 for each violation.

(C) In the case of a violation through continuing failure to comply with a rule or with subsection (A)(1) of this section, each day of continuance of such failure shall be treated as a separate violation, for purposes of subparagraphs (A) and (B). In determining the amount of such a civil penalty, the court shall take into account the gravity of culpability, history of prior such conduct, ability to pay, effect of the ability to pay on the defendant's business, and such other matters as justice may require.

(2) If the case is dismissed after establishing that the rule is unenforceable, or if no complaint is filed or if no action is taken by the Commission, the court shall also review the determination of the rule by the Commission in the proceeding under subsection (B) of this section that the act or practice which was the subject of such proceeding constituted an unfair or deceptive act or practice in violation of subsection (E) of this section.

**Mass 940 CMR 8.05(1)**

If it is an intent of a deceptive act or practice for a mortgage broker or mortgage lender to fail to make any disclosure, or fail to do what may be required by and at the time specified by any applicable statute or federal law, regulation or statute.

**Mass 940 CMR 8.06(1)**

If it is an intent of a deceptive act or practice for a mortgage broker or lender to make any representation or statement of fact if the representation or statement is false or misleading or if the "audacity" of representation or statement is false or misleading or if the mortgage broker or lender does not possess sufficient information upon which a reasonable belief in the truth of the representation or statement could be based. Other forms of representation or disclosure, but not limited to the responsibility of the broker, the broker's right to cancel any agreement with the mortgage broker, the borrower's right to a refund of the brokerage fee, and the identity of the insurance issues that will provide the mortgage loan commitment.

**MGL Chapter 93A Section 1**

The following terms, as used in this chapter unless otherwise otherwise defined or a different meaning is specifically required, shall mean:

(1) "Person" means, includes, where applicable, natural persons, corporations, trusts, partnerships, proprietorships, unincorporated organizations, and any other legal entity.

(2) "Trade" and "commodity" shall include the advertising, the offering for sale, the sale, rent, lease or distribution of any goods and any property, tangible or intangible, real, personal, mixed, any securities as defined in subparagraph (k) of section four hundred and one of chapter one hundred and ten A and any manner of sale, transfer or delivery for future delivery, and any other article, commodity, thing or cause whatever, and shall include any trade or commerce directly or indirectly affecting the people of the Commonwealth.

(3) "Documentary material" shall include the original or a copy of any document, record, memorandum, paper, communication, letter, message, photograph, drawing, transcription, or other form of document prepared, written, or made.

as "Examination of documentary material", the inspection, study, or copying of any such material, and the taking of testimony under oath or acknowledgement in respect of any such documentary material.

**MGL Chapter 93A Section 9**

(c) Any person, other than a person entitled to bring action under section eleven of this chapter, who has been injured by another person's illegal employment of an, or bad, act or practice declared to be unlawful by statute, or by regulation or regulation issued thereafter by any person having法定 authority by another person violating the provisions of section one or sections three of chapter one hundred and seven shall be entitled to sue in the superior court, or in the county, a court as provided in section three of chapter one hundred and eighty-five after, by way of cross-complaint, upon whom is the party, action, for damages, and such complaint may, including an injunction, as the court deems to be necessary and proper.

(d) Any persons entitled to bring such action may, at the use or employment of the initial or deceptive act or practice has caused similar injury to numerous other persons similarly situated and if the court finds it a preliminary hearing that he adequately and fairly represents such other persons, bring the action on behalf of himself and such other similarly situated and situated persons; the court shall require that notice of such action be given to defendant prior to the commencement of the prospective practitioner manner. Such action shall not be dismissed, set aside or compromised without the approval of the court, and notice of the proposed dismissal, settlement or compromise shall be given to all members of the class of petitioners in such manner as the court directs. At least thirty days prior to the filing of any suit and duly written demand in writing, identifying the defendant and reasonably describing the unlawful or deceptive act or practice in, all due and proper manner suffered, shall be mailed or delivered to the prospective practitioner. Any person receiving such a demand for relief who, within thirty days of the mailing or delivery of the demand for relief, makes a written tender of payment which is rejected by the plaintiff may, in any subsequent action, file the written tender and affidavit concerning his rejection and thereby limit any recovery in the relief demanded if the court finds that the cause of action is not based upon a violation of the law as generally suffered by the petitioner. In all other respects, in the court finds for the petitioner, recovery shall be limited, in the amount of actual damages in twenty-five dollars, plus twice of damages in triple but not less than two times such amount of the court finding that the use of employment in the act or practice was a willful or knowing violation of said section two or that the refusal to grant relief such demand was made in bad faith with knowledge of reason to know that such act or practice complained of violated said section two. For the purposes of this chapter, the amount of actual damages to be multiplied by the court shall be the amount of the judgment in all actions arising out of the same and underlying transaction or practice, regardless of the existence of liability, except insurance coverage available to payment of the claim. In addition, the court shall award such costs as equitable, including an injunction, as it deems to be necessary and proper. The general requirements of this paragraph shall not apply if the claim is asserted by way of counterclaim or cross-claim. If the prospective respondent does not maintain a place of business or does not keep assets within the Commonwealth, but such respondent may otherwise employ the services of an attorney by making a written offer to retain and pay him the reasonable fee and cost court as soon as practicable after receiving the demand for relief. Notwithstanding any provision of this section to the contrary, if the court finds any action, set of damages, injunction with regard to any security or any interest, in view of circumstances, the court will issue an injunction as defined in section seven, and if the

court finds for the petitioner, recovery shall be in the amount of actual damages.

(d) A person may bring a claim under this section in a district court,提起 by way of complaint, counterclaim, cross-claim or third-party action, for damages, expenses only. Said damages may include double attorney's fees and costs, as herein provided. The amount of legal expenses and attorney's fees tendered of offer of settlement provided in paragraph 1(c) shall also be applicable under this paragraph, except that "double" equitable relief shall be created under this paragraph, if no one person asserting a claim hereunder be able to assert any claim on behalf of other similarly injured and situated persons as provided in paragraph 2).

(e) If the court finds in any action commenced hereunder that there has been a violation of section two, the petitioner shall, in addition to other relief provided for by this section and irrespective of the amount in controversy, be awarded reasonable attorney's fees and costs incurred in prosecution of said action; provided, however, the court shall deny recovery of attorney's fees and costs which are incurred after the entry of a reasonable written offer of settlement made within thirty days of the mailing or delivery of the written demand for relief required by this section.

Section 3. No Waiver of Action.

If any person or entity bring an action under this section shall not be required to initiate, pursue or exhaust any remedy, administrative or otherwise, regulation, administrative procedure, local, state or federal law or statute or the common law in order to bring an action under this section to obtain injunctive relief or recover damages or attorney's fees or any other relief as provided in this section. Failure to exhaust administrative remedies will not be a defense in any proceeding under this section, except as provided in paragraph seven.

If the court may upon motion by the respondent before the time for answering and after a hearing suspend proceedings brought under this section to permit the respondent to initiate action in which the petitioner, plaintiff, party before any appropriate regulatory board or agency, or other administrative hearing, to whom a copy of the complaint has been served, avers that:

a. There is a substantial likelihood that such action by the court against the petitioner would require or have an immediate and protracted delay which disrupt or be inconsistent with a regulatory statute that regulates or covers the actions or transactions complained of in the petition, established and administered under law by an agency or federal regulatory board or officer acting under statutory authority of the Commonwealth of the United States; or  
b. That said regulatory board or officer has a substantial interest in reviewing said transaction or actions prior to judicial action under this chapter and that the said regulatory board or officer has the power to mitigate, mitigate the relief sought by the petitioner and the court, if any, shall the petitioner represent, under its direction,

Upon suspending proceedings under this section the court may enter and issue, without or temporary orders it deems necessary and proper pending final hearing by the regulatory board or officer and law, if any, in the court, including injunctive or injunctions, certification in cause, and orders suspending the presentation of the matter to the regulatory board or officer. The court shall issue appropriate interlocutory orders, decrees and injunctions to preserve the status quo between the parties pending final action by the regulatory board or officer and trial and shall stay all proceedings in any court or before any regulatory board or officer in which petitioner and respondent are necessarily involved. The court may issue further orders, injunctions or other relief while the action is before the regulatory board or officer and shall terminate the suspension and bring the matter forward for trial if it finds a clear preexisting conflict. If regulatory board or officer are unreasonably negligent or abusive in refusing to make timely pre-judicial or the interests of a party

before the court, or if it is that the regulatory board or citizen has not taken final action within six months of the registration of the order suspending proceedings under this chapter;

In either case provided in section 1601, proceeding is final if it becomes an award of damages by a clear referee in any administrative or judicial proceeding, except proceedings authorized by this section, to any person entitled to bring an action under this section, shall not constitute a tax or claim for any relief authorized by this section.

The terms were not disclosed to the Client as required under the ECOA.

**ECOA 202.4d (Regulation B)**

Form of Affidavit taken in a general form, in specific that provides for listing of all documents of information required by this affidavit and provide for the signature of the client and consumer disclosure where exempt from the disclosure required by 38 CFR 3.5 and 38 CFR 3.6 if applicable may retain.

Examiner believes Lender's actions in negotiation and execution of the loan documents contained all the elements necessary to render the mortgage contract void for fraud and misrepresentation. Lender through affirmative statements and material misrepresentations regarding the essential terms of the proposed terms of the proposed mortgage (the true price of the loan, the attempted waiver of consumer protections) reasonably induced Client's signature. (*Greene v. Gibraltar Mortgage Investment Corp.* 488 F. Supp. 177(DDC 1980))

It appears Client was not given a copy of their Appraisal Report at time of consummation.

**ECOA 202.14(a) (Regulation B)**

A creditor shall provide a copy of an appraisal report used in connection with an application for credit that is to be secured by a lien on a dwelling. A creditor shall comply with either paragraph (a) or (b)(1) of this section.

It appears Client did not receive CHARM Book.

**RESPA 24 CFR 3500.6**

A bank must provide the borrower with a copy of the document indicating earliest written or file date a written application is submitted to the lender. If the date to be furnished falls after the application is received, if the application is due to define the end of the three-business-day period, the bank need not provide the booklet. If the borrower uses a mortgage broker, the broker, rather than the bank, must provide the booklet.

It appears Client was not given any Credit Scoring information that was used to determine the interest rate they qualified for.

**Fair and Accurate Credit Transaction Act of 2003**

Credit Scoring Disclosure: The credit scoring information will be presented in the same manner set forth in Section 1011 of the FCRA Act, which generally requires, as of the FCRA by adding a new section 1011. The following information must include the following:

- a. The original debt size of the consumer if the most recent credit score of the consumer that was previously calculated by the credit reporting agency for a purpose related to the extension of credit

to all of the key factors that adversely affected the credit score of the subject of the mortgage loan, the total number of credit pulls must exceed four (4), unless a creditor that adversely affects the consumer's credit score discloses all the number of inquiries made with respect to a consumer report in this case, then five (5). Key factors may include:  
1. The date on which the credit score was created; and  
2. The name of the person or entity that provided the credit score or credit file upon which the credit score was based.

Examiner also requested but did not receive the following from Chase:

- Initial Loan Application and Final Loan Application (Forms 1003)
- Executed Notice of Right to Cancel (if refinance)
- Copies of Executed Mortgage/Deed of Trust and all Riders (reflecting of copies of original executed all parties)
- A True And Correct Copy of the Original Mortgage Note and All Addendums/Riders
- Initial and Final Truth-in-Lending Statement
- Initial Good Faith Estimates
- Any and all Federal & state disclosures that required a borrower(s) signature
- Final Closing Statements (HUD-1)
- True and Correct Copy of the signed Appraisal
- Credit Report used to qualify for loan
- Grant/Warranty Deed(s)
- Any and all income documents provided by borrower to corroborate their income
- Copy of all title commitments and closing documents
- Copy of Loan Payment History - This must include all payments made and all fees incurred along with all legends and codes used in respect to record keeping and accounting regarding accounts to subject loan by lender or servicing agent
- A copy of proposed Escrow amounts and actual Escrow amounts.
- A list of Escrow Credits and Disbursements and a reason for every entry and the date each such entry was made
- Certified Copy of Original Assignment of Mortgage and any subsequent Assignments of Mortgage
- Location of Original Mortgage Note and original Executed Mortgage
- Any and all Trust Agreements between the closing lender and/or any other lender or funding source and party or parties who could claim an interest in the subject loan and underlying note and mortgage
- Any Pooling Agreements between the closing lender and/or any other lender or funding source and party or parties who could claim an interest instant in the subject loan and underlying note and mortgage
- Any Servicing Agreements between the closing lender and/or any other lender or funding source and party or parties who could claim an interest instant in the subject loan and underlying note and mortgage
- Master Purchasing Agreements
- Any Special Purpose Vehicle or SPE Agreements
- Copies of the Executed Pooling and Servicing Agreements Dated for Asset Backed Pass-Through Certificate Series that the subject loan is a part of
- The exact name of the Asset Backed Security Trust that this mortgage was sold into
- The name of the Trustee of the asset backed mortgage security trust which bought this mortgage

**RESPA 24 CFR 3500.21(C)(3)**

The signed Applicant Acknowledgment(s) shall be retained for a period of 3 years after the date of settlement as part of the loan file for every pending loan. There is no requirement for retention of Applicant Acknowledgments if the loan is not settled.

**RESPA 24 CFR 3500.21**

e copy of loan services to respond to borrower INQUIRIES. (i) Notice of receipt of inquiry within 40 business days of a service or a mortgage servicer receiving a qualified written request from the borrower for confirmation relating to the servicing of the loan, the servicer shall provide to the borrower a written response acknowledging receipt of the qualified written request. This requirement shall not apply if the action requested by the borrower is taken within that period and the recipient is notified of that action in accordance with the steps listed in this section. By notice either included in the Notice of Transfer or separately, delivered by first-class mail, postage prepaid, a servicer may establish a separate and exclusive right and address for the receipt and handling of qualified written requests.

(ii) Right to written response defined. (k) For purposes of paragraph (i) of this section, a qualified written request means a written correspondence from a consumer to a servicer or originator of a loan supplied to the servicer, that includes, or otherwise enables the servicer to identify, the name and account of the borrower, and includes a statement of the reasons that the borrower believes the account is in error, if applicable, or that provides sufficient detail to the servicer, and in action with respect to the inquiry. Not later than 45 business days after receiving a qualified written request from the borrower, and, if applicable, before taking any action with respect to the inquiry, the servicer shall:

(1) Make appropriate corrections in the account of the borrower, including the crediting of any late charges or penalties, and transmit to the consumer a written confirmation of the correction. That written confirmation shall include the name and telephone number of a representative of the servicer who can provide assistance to the consumer.

(2) After consulting or investigation, provide the borrower with a written explanation or justification that includes:

(a) To the extent applicable, a statement of the servicer's reasons for concluding the account is correct and the name and telephone number of an employee, office, or department of the servicer that can provide assistance to the borrower;

(b) Information requested by the borrower, or an explanation of why the information requested is unavailable or cannot be obtained by the servicer, and the name and telephone number of an employee, office, or department of the servicer that can provide assistance to the borrower.

(3) Statement of results rating. (i) During the one-month day period immediately preceding the date of the servicer receiving from a consumer a qualified written request relating to a dispute in the consumer's statement, a servicer may not provide services affirming regarding any payment that is the subject of the qualified written request or any consumer reporting activity as that term is defined in section 101 of the Fair Credit Reporting Act, 15 U.S.C. 1681.

(ii) A servicer will furnish section 17 of RESPA to United States, the interpretation or credit rating provision of paragraph (b)(1)(ii) of this section does not impose a lender or servicer item pursuant to, or its servicer, including initiating foreclosure, allowed by the underlying mortgage loan instrument.

(4) Damages and fees. (i) Whoever fails to comply with any provision of this section shall be liable to the borrower for such failure in the amount of \$1,000.

(ii) Additionally, in the case of any action by an individual, the amount equal to the sum of all damages, including costs sustained by the individual at the result of the violation, when there is a prima facie practice of noncompliance with the requirements of this section, the award of attorney's fees may not exceed \$,000.

**CONCLUSION**

There are serious problems with the way this loan was originated. The majority of which were committed by the lender. It contains elements of illegal bait and switch and deception practices. It is Examiner's conclusion that Client should seek legal representation immediately because there are grounds for unjust enrichment, deceptive practices, as well as the above mentioned violations of the FTC Act, RESPA, TILA, FACTA, ECOA and Massachusetts law.

**Disclaimer**

The comments, opinions, conclusions contained in this Mortgage Loan Audit Report are not intended to provide legal advice and should not be relied on for legal advice. The Applicant(s) is hereby advised that they should consult their legal adviser if they seek legal advice regarding the information contained herein.

**Certification**

The comments, opinions, and conclusions of the Examiner are based on information provided by Applicant(s) in accordance with the Terms and Conditions of the Mortgage Fraud Investigation Agreement. If information was submitted by either the Mortgage Broker or the Mortgage Lender or both regarding this Mortgage transaction, whether or not submitted in response to a Qualified Written Request (QWR) if demanded by the Examiner, said information provided has been fully reviewed by Examiner, and given full consideration in the process of forming the comments, opinions, and conclusions contained in this Mortgage Loan Audit Report.

Based on the information submitted by the Applicant(s) and if applicable, all other parties involved with this transaction, it is the opinion of the Examiner that Applicant(s) should seek the advice of a qualified licensed attorney to assess the extent of any legal remedies that may be available and to what extent, if any, such remedies may provide a benefit to the Applicant(s).

Stephen J. Dibert 12/28/2009  
MFC Miami, LLC Examiner

**Washington Mutual Bank, FA**

**DISCLOSURE LETTER**

Laura Sheedy  
Thomas Sheedy  
11 Harrington Road  
Lexington, MA 02421

Loan No.: [REDACTED] 9818

Date: MARCH 26, 2004

Property Address: 11 Harrington Road  
Lexington, MA 02420

Subject: Your Initial Disclosure Notices

Thank you for your recent application with **Washington Mutual Bank, FA**.

The following documents are enclosed to assist you with questions you may have regarding your loan.  
Please return those items requiring signatures in the postage paid envelope provided:

Please sign and return one copy of any of the following enclosed forms:

- Servicing Disclosure Statement
- Affiliated Business Arrangement Disclosure Statement
- Loan Application
- Addendum to Loan Application - (Notices, Disclosures and Credit Authorization Release)
- Forced-Placed Insurance Disclosure
- Insurance and Escrow Impound Account Requirements
- Interest Rate and Loan Fee Policy (Pricing Package)
- Receipt for Loan Application Deposit
- Anti-Coercion Disclosure
- Other \_\_\_\_\_

Please complete I.D. information for each applicant and return to lender:

- Applicant Identification Verification

The following items are being enclosed for your information:

- Truth-in-Lending Disclosure Statement (Purchase or Initial Construction of primary residence)
- Good Faith Estimate of Borrower's Settlement Costs
- Automatic Loan Payment Authorization
- Adjustable Rate Mortgage Loan Disclosure Statement (Adjustable Rate Loans Only)
- Consumer Handbook on Adjustable Rate Mortgage (Adjustable Rate Loans Only)
- Brochure "What are the benefits of an Option ARM?" (Option ARM Loans Only)
- The HUD Booklet, "Buying Your Home, Settlement Costs and Helpful Information" (Purchase or Construction Only)
- Broker Demand (Applicable for Broker Referral Loans Only)
- Other \_\_\_\_\_

We hope these items will assist you in your decision to obtain a loan from us. We are looking forward to the opportunity to serve you. If you have any questions about this information, please contact Robert DeVasto at (781) 944-1300.

Sincerely,

Washington Mutual Bank, FA

Washington Mutual Bank, FA

TRUTH IN LENDING DISCLOSURE STATEMENT

CUSTOMER NAME LAURA M SHEEDY, THOMAS SHEEDY		LOAN NUMBER 9818	DATE 04/16/2004
PRESENT ADDRESS 11 HARRINGTON ROAD, LEXINGTON, MASSACHUSETTS 02420			
REASON			
ANNUAL PERCENTAGE RATE The Cost of your credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost you.	AMOUNT FINANCED The amount of credit provided to you or on your behalf.	TOTAL OF PAYMENTS The amount you will have paid after you have made all payments as scheduled.
4.022	\$644,530.16	\$801,757.50	\$1,446,287.56
YOUR PAYMENT SCHEDULE WILL BE:			
NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE	
60	2,446.88	Monthly Beginning 06/01/2004	
299	4,331.58	06/01/2009	
1	4,332.44	05/01/2034	

VARIABLE RATE: YOUR LOAN CONTAINS A VARIABLE-RATE FEATURE. DISCLOSURES ABOUT THE VARIABLE-RATE FEATURE HAVE BEEN PROVIDED TO YOU EARLIER.

SECURITY: You are giving a security interest in:

the goods or property being purchased.  
 11 HARRINGTON ROAD  
LEXINGTON, MASSACHUSETTS 02420  
FILING FEES \$28.00 Fees paid to government officials with respect to the title instrument

LATE CHARGE: If a payment is late, you will be charged 3.000% of the payment.

ASSUMPTION: Someone buying your house  can, subject to conditions and under certain circumstances  cannot assume the remainder of the mortgage on the original terms.

PREPAYMENT: If you pay off early, you  may  may not have to pay a penalty. If you pay off early, you  may  may not be entitled to a refund of part of the finance charges already paid.

See your contract documents for any additional information about nonpayment, default, any required repayment in full before the scheduled date, and prepayment refunds and penalties.

You may obtain property insurance from anyone you want that is acceptable to Washington Mutual Bank, FA (the "Lender").

Estimated Disclosure: All numerical disclosures, except late payment disclosure, are estimates.  
 Final Disclosure  
 Itemization of Amount Financed attached.

I acknowledge receipt of a copy of this Disclosure Statement and have not yet signed any documents in connection with securing this proposed loan.

LAURA M SHEEDY Date THOMAS SHEEDY Date

LAURA M SHEEDY Date

Date